

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH  
100 NORTH SENATE AVENUE N1058  
INDIANAPOLIS, IN 46204  
PHONE (317) 232-3761  
FAX (317) 232-8779

## Agricultural Land Base Rates For The Assessment Dates: March 1, 2005 – 2012

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tax Year											
12 Pay 13								\$1,630 ***			
11 Pay 12							\$1,500 ***				
10 Pay 11						\$1,290 ***					
09 Pay 10					\$1,250						
08 Pay 09				\$1,200							
07 Pay 08**			\$1,140**								
06 Pay 07*			\$880*								
05 Pay 06		\$880									

The Agricultural Land Base Rate calculation was first established for the 2002 general reassessment and was developed in compliance with the St. John's court case using the methodology described below. The statute related to the base rate calculation can be found at IC 6-1.1-4-4.5(e).

The calculations made for 2007 pay 2008, 2008 pay 2009, 2009 pay 2010, 2010 pay 2011, and 2011 pay 2012 are based on a rolling six-year average of market value in use. Prior calculations were made based on a four-year rolling average. As illustrated in the following equation, the market value in use of agricultural land is calculated by dividing the net income of each acre by the appropriate capitalization rate.

$$\text{Market value in use} = \text{Net Income} / \text{Capitalization Rate}$$

The change in market value in use is based on changes in cash rent, yields, production costs, market prices and interest rates. For example, the change for 2012 pay 2013 was the result of the removal of the 2003 data and the addition of the 2009 data.

Net Cash Rents increased from \$106 in 2003 to \$140 on 2009. Yields for corn increased from 146 bushels in 2003 to 171 bushels in 2009 and yields for soybeans increased from 38 bushels in 2003 to 49 bushels in 2009. Prices for corn increased considerably from \$2.41 in 2003 to \$4.10 in 2009 (market year average) and prices for soybeans also increased considerably from \$5.55 in 2003 to \$10.20 in 2009 (market year average). Interest rates also dropped from 6.29% in 2003 to 6.17% in 2009, which would slightly increase market value under the income approach.

### **\*\*\*March 1, 2010 payable in 2011:**

Senate Enrolled Act (SEA) 396 required the elimination of the highest year of the six years of data from the calculation.

### **\*\*March 1, 2007 payable in 2008:**

Senate Enrolled Act (SEA) 327 required changing the four-year rolling average to a six-year rolling average.

### **\*March 1, 2006 payable in 2007**

SEA 327 froze the base rate for the March 1, 2006 assessment date at \$880.